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SIXTY-EIGHTH REPORT

of the

Board of Directors

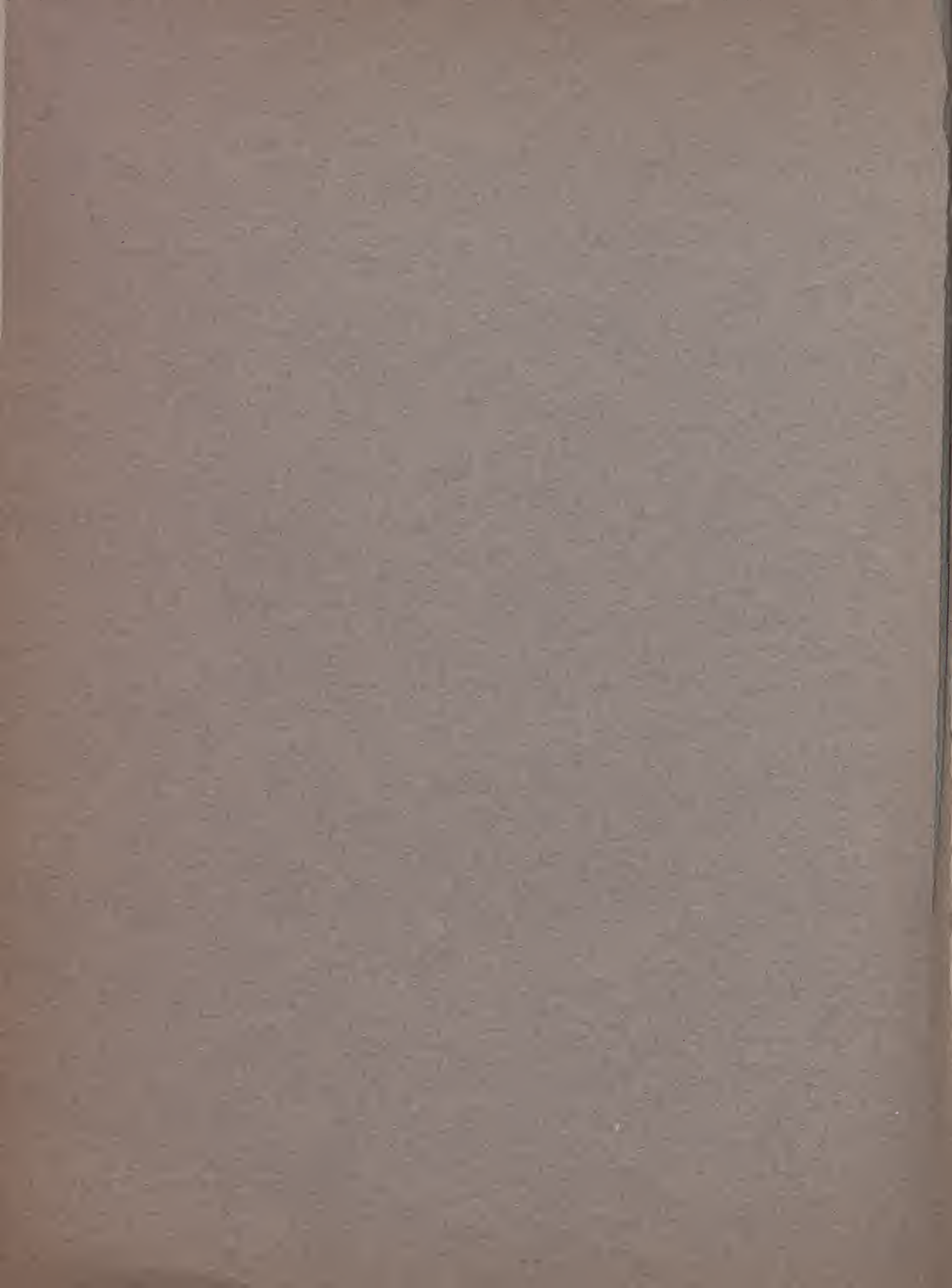
of the

Lehigh Valley Railroad Company

to the

Stockholders

For the Year Ended December 31, 1921



Lehigh Valley Railroad Company

Board of Directors

GEORGE F. BAKER
JAMES F. BELL
SAMUEL T. BODINE
MORRIS L. CLOTHIER
HENRY B. COXE
HENRY S. DRINKER

FRED M. KIRBY
WILLIAM H. MOORE
DANIEL G. REID
GEORGE T. SLADE
EDWARD T. STOTESBURY
HARRY C. TREXLER

EDWARD E. LOOMIS, Ex-Officio

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J. A. MIDDLETON.....	VICE PRESIDENT
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E. H. BOLES.....	VICE PRESIDENT AND GENERAL COUNSEL
C. E. HILDUM.....	COMPTROLLER
D. G. BAIRD.....	SECRETARY
A. F. BAYFIELD.....	TREASURER

1921

LEHIGH VALLEY RAILROAD COMPANY

Sixty-Eighth Report

PHILADELPHIA, PA., April 3, 1922.

To the Stockholders of the Lehigh Valley Railroad Company:

The Board of Directors submits herewith a report of the business and condition of your Company for the calendar year ended December 31, 1921.

INCOME

The Corporate Income Account for the year was as follows:

Total Operating Revenue.....	\$74,997,799.15
Total Operating Expenses.....	67,238,067.77
	<hr/>
Net Operating Revenue.....	\$7,759,731.38
Railway Tax Accruals.....	\$2,026,088.03
Uncollectible Railway Revenues.....	40,683.80
	<hr/>
	2,066,771.83
	<hr/>
Operating Income.....	\$5,692,959.55
Other Income.....	12,839,774.08
	<hr/>
Total Income.....	\$18,532,733.63
Deductions from Income.....	8,481,936.12
	<hr/>
Net Income.....	\$10,050,797.51

PROFIT AND LOSS

Balance December 31, 1920.....	\$36,326,576.04
Transferred from Income	10,050,797.51
Miscellaneous Items—Net.....	1,399,705.37
	<hr/>
	\$47,777,078.92
Dividends	4,245,749.00
	<hr/>
Balance December 31, 1921.....	\$43,531,329.92

The Income Statement is not comparable with that for the previous year, because of the fact that the corporation operated its property during only 10 months of 1920. A consolidated income account showing revenues and expenses in detail for both years, on a comparable basis, including both Federal and Corporate operations, will be found on page 15.

Operating Revenues for the year were practically the same as for the previous year, there being a decrease of slightly less than \$300,000.00. Operating Expenses, however, decreased 16%, or \$12,785,082.62.

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LEHIGH VALLEY RAILROAD COMPANY

FINANCIAL

The following obligations matured and were paid and cancelled during the year:

Collateral Trust 4% Bonds.....	\$1,000,000.00
Equipment Trust Series "M" Certificates.....	200,000.00
Equipment Trust Series "O" Certificates.....	500,000.00
Equipment Trust Series "R" Certificates.....	400,000.00
	<hr/>
	\$2,100,000.00

In addition to the above, the following unmatured Equipment Trust Certificates, all of which were owned by your Company, were paid and cancelled during the year and the Equipment Trusts terminated:

Equipment Trust Series "M" Certificates.....	\$400,000.00
Equipment Trust Series "O" Certificates.....	500,000.00
Equipment Trust Series "R" Certificates.....	400,000.00
	<hr/>
	\$1,300,000.00

This leaves your Company without any Equipment Trust Obligations.

At the close of the year the Company held in its Treasury the following securities of its own issue, amounting to \$13,742,000.00, which are not included in the unpledged securities, amounting to \$30,131,172.48, shown on page 10.

Consolidated Mortgage 4½% Bonds.....	\$66,000.00
Consolidated Mortgage 6% Bonds.....	108,000.00
Collateral Trust 4% Bonds.....	1,088,000.00
General Consolidated Mortgage Bonds.....	12,480,000.00
	<hr/>
	\$13,742,000.00

In addition, \$3,806,000.00 General Consolidated Mortgage Bonds are temporarily held by the United States Government, as collateral, pending settlement of Federal Control and Guaranty Period accounts. It is expected that during the year 1922 a substantial sum will be received from the Government in final settlement of these matters and the collateral released.

Since 1903, the date of the General Consolidated Mortgage, expenditures have been made for additions and betterments to your Company's properties and for other capital purposes of approximately \$26,650,000.00 against which no securities have been issued.

An issue of \$6,000,000.00 Easton & Amboy Railroad First Mortgage 5% Bonds, the principal and interest of which are guaranteed by your Company, will mature during 1922. This will require no new financing as provision has been made for the payment of these bonds out of available funds. This payment will entitle the Lehigh Valley Railroad Company to receive \$6,000,000.00 additional bonds under the General Consolidated Mortgage of September 30, 1903, which bonds the Company in due course will secure from the Trustee and place in its Treasury for future use.

LEHIGH VALLEY RAILROAD COMPANY

ROAD AND EQUIPMENT

Expenditures for Additions and Betterments to Road and Equipment, including expenditures for subsidiary properties, during the year amounted to \$6,413,036.40, against which there were credits representing the sales or retirement of property of \$3,156,480.67, leaving a net expenditure of \$3,256,555.73.

The most important items, the cost of which was charged wholly or in part to Investment in Road and equipment, are as follows:

Work was continued on Claremont Terminal, the water and rail terminal your Company is building on New York Bay, Jersey City. The first unit of this development, which will be ready for service during the year 1922, is a pier more than two-thirds of a mile long, with 35 feet of water alongside, at which the largest ships afloat can be berthed. Its facilities will include a two-story warehouse with a capacity of 500 cars of freight, an open dock served by a 30-ton traveling gantry crane capable of handling 100 cars of freight a day, and two electrically operated unloaders to handle ore and coal from vessels to cars, with a capacity of 20,000 tons per 24 hours. As increased traffic warrants, two additional piers will be built. When completed in its entirety, the terminal will afford docking facilities of approximately five and one-half miles, capable of berthing the largest ocean-going craft.

The new freight pier station, erected by your Company at the foot of East 47th and East 48th Streets, New York City, was completed and placed in service.

New passenger and freight stations were erected at Ulster and Middlesex.

At Hillside, formerly known as West Elizabeth, the freight house was relocated and a new platform for handling milk constructed.

To facilitate the movement of freight trains, three passing sidings on the Seneca Division at Laceyville, Rummerfeld and Tunkhannock, were extended a total of approximately two and one-half miles.

To expedite the handling of automobiles at Wilkes-Barre and 149th Street Terminal, New York City, existing facilities were enlarged and improved.

Twenty-one new motor cars for use in Maintenance of Way work, etc., were placed in service.

Thirty automatic signals between South Somerville and Stanton were equipped with electric lights, replacing acetylene gas light equipment.

Interlocking plants at Easton, Packerton and Laurel Junction were re-wired and upper quadrant signals installed. Five new audible-visible crossing alarms were installed.

Two new tugs, nine lighters and three covered barges for use in New York Harbor were added to your Company's floating equipment.

GENERAL REMARKS

Your Company is offering for industrial development a 230-acre tract at Buffalo, following the clearing of certain long-disputed titles. The property has a frontage on Lake Erie of over a mile, amply protected by breakwater, and lies less than two miles from the center of Buffalo, adjoining the 500-acre freight terminal of your Company, with which it has direct track connection. It offers special advantages as sites for grain elevators, or industries desiring lake and rail transportation facilities.

Stockholders now number 19,122, with an average holding of 63 shares. Of this number, 7,028 are women and 615 banks, insurance companies, fiduciaries and charitable organizations. One thousand three hundred and seventy-three of the Company's employees have invested their savings in the stock.

In connection with the order of the United States Supreme Court, directing your Company to sever its connection with The Lehigh Valley Coal Company and Coxe Brothers and Company, Inc., careful study was devoted to formulating a plan to carry out the Court's order. In seeking a solution of this problem, the management has kept constantly in mind the necessity of complying fully with the letter and spirit of the Court's decision, and at the same time protecting the interests of its many stockholders and owners of its General Consolidated Mortgage Bonds. To accomplish the desired result, the manage-

LEHIGH VALLEY RAILROAD COMPANY

ment has presented a plan to the District Court for the Southern District of New York. The Government has entered certain objections to the plan and it is now awaiting argument.

The bad order freight car situation, which has been mentioned in previous reports, continued serious. Many of your Company's cars, which had been away from its rails since Federal control, were returned during the year in a crippled condition, lack of proper maintenance during Government operation being largely responsible. To be prepared to meet a business revival prompt repair of these cars was necessary. Because of the high rates of pay and expensive restrictions governing working conditions for railroad employees, prescribed by the United States Railroad Labor Board, but which do not apply in other industries, favorable contracts were made with several outside concerns for part of this work. A total of 9,975 cars were delivered to various car builders for general repairs during the year, on which your Company saved \$690,274.50 as compared with the cost of making these repairs at its own shops which, in the past, under normal conditions, have been able to take care of this work.

As an illustration of the deplorable condition of equipment at the termination of Federal control, your Company expended and charged to Operating Expenses for the maintenance of engines, cars and floating equipment during 1921 a total of \$25,138,717.00, an increase of practically \$1,500,000.00 over the previous year and approximately \$8,037,400.00 more than would have been disbursed had expenditures been limited for this purpose to the same ratio as applied on other railroads during the year, according to Interstate Commerce Commission records.

Worldwide business depression resulted in a decrease in revenue producing tonnage of the railroads in the United States in 1921 of 25.18% as compared with 1920. On the Lehigh Valley the decrease was 19.26%. In meeting the business depression the management sought to make every possible economy in operation. As a result, on December 31, 1921, it showed an 18% reduction in employees as compared with December 31, 1920. On the other hand, there was a notable gain in efficiency over the previous twelve months.

As a result of the policy of recent years of putting only creosoted ties into the roadbed, it was necessary to place but 456,789 ties in tracks during 1921, as compared with an average of 838,627 for the five-year period prior to Federal control. It is anticipated that the annual requirements will continue to show a reduction as the number of creosoted ties in the track increases. There are in track at this time 5,707,979 creosoted ties, which is approximately 62% of the total number of ties in service. The policy of purchasing only rail weighing 136 pounds to the yard also was continued. There are now 380 miles of track laid with this heavy rail.

Freight claims paid during the year amounted to \$1,262,290.60, a decrease of \$1,092,256.78 as compared with the year 1920.

Taxes accrued during the year amounted to \$2,196,959.42, which is an increase of 36% over the average annual tax accruals for the five-year period prior to Federal control. The tax situation has become a serious one for all railroads, due largely to the issue by different communities of bonds for highway improvements, resulting in enormous increases in taxes to meet the interest and sinking fund payments on such bonds. In effect, this means that the railroads are contributing large sums for the benefit of their motor-truck competitors whose inroads upon railroad traffic are continuously increasing.

While 1921 was hardly to be regarded as a year for business expansion, the Industrial Department located 73 new industries in the territory served by your railroad. Of this number 43 have direct side-track connections.

Mr. Arthur W. Sewall, a director of your Company, resigned during the year, and General Harry C. Trexler was elected to the Board.

Officers and employees exhibited a gratifying spirit of co-operation in the performance of their duties, for which the management is deeply grateful.

Respectfully,

E. E. LOOMIS,

President.

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LEHIGH VALLEY RAILROAD COMPANY

Table 1

GENERAL BALANCE SHEET

ASSETS		
INVESTMENTS:		
In road.....(See Note below)	\$32,562,134.07	
In equipment.....	68,155,463.60	
		\$100,717,597.67
Improvements on leased railway property.....		1,613,682.44
Miscellaneous physical property.....		2,124,912.06
Investments in affiliated companies:		
Stocks.....	\$54,032,052.67	
Bonds.....	22,715,654.52	
Notes.....	3,831,179.97	
Advances.....	14,147,444.16	
		94,726,331.32
Other investments:		
Stocks.....	\$855,367.00	
Bonds.....	5,770,151.44	
Notes.....	3,016,380.29	
Miscellaneous.....	9,647.00	
		9,651,545.73
Total investments.....		208,834,069.22
CURRENT ASSETS:		
Cash.....	\$6,675,601.64	
Special deposits.....	84,198.28	
Loans and bills receivable.....	2,039.69	
Traffic and car-service balances receivable.....	1,141,803.35	
Net balance receivable from agents and conductors.....	1,418,700.03	
Miscellaneous accounts receivable.....	1,865,947.57	
Material and supplies.....	6,313,095.67	
Interest and dividends receivable.....	3,432,564.97	
Rents receivable.....	70,622.12	
Other current assets.....	476,197.60	
Total current assets.....		21,480,770.92
DEFERRED ASSETS:		
Working fund advances.....	\$12,939.00	
Insurance and other funds.....	22,892.72	
Other deferred assets.....	3,381,361.39	
Total deferred assets.....		3,417,193.11
UNADJUSTED DEBITS:		
Rents and insurance premiums paid in advance.....	\$37,701.22	
Other unadjusted debits.....	454,020.38	
Total unadjusted debits.....		491,721.60
TOTAL ASSETS.....		\$234,223,754.85

NOTE:—The item Investment in Road represents only road property of Lehigh Valley Railroad Company proper (Phillipsburg, N. J., to Wilkes-Barre, Pa.). The total road and equipment Investment of the system, including transportation subsidiaries, owned by your Company, is \$222,000,764.57.

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LEHIGH VALLEY RAILROAD COMPANY

DECEMBER 31, 1921

LIABILITIES		
STOCK:		
Common stock.....	\$60,501,700.00
Preferred stock.....	106,300.00	.....
Total stock outstanding.....		\$60,608,000.00
LONG-TERM DEBT:		
Funded debt.....	\$131,436,000.00	.....
Less—Funded debt held in treasury.....	37,548,000.00	.....
Total long-term debt outstanding.....		93,888,000.00
CURRENT LIABILITIES:		
Traffic and car-service balances payable.....	\$33,436.55	.....
Audited accounts and wages payable.....	7,712,862.48	.....
Miscellaneous accounts payable.....	437,254.19	.....
Interest matured unpaid.....	413,860.50	.....
Dividends matured unpaid.....	14,655.21	.....
Funded debt matured unpaid.....	2,000.00	.....
Unmatured dividends declared.....	1,061,410.31	.....
Unmatured interest accrued.....	816,035.01	.....
Unmatured rents accrued.....	346,455.89	.....
Other current liabilities.....	842,889.86	.....
Total current liabilities.....		11,680,860.00
DEFERRED LIABILITIES:		
Liability for provident funds.....	\$58,417.53	.....
Other deferred liabilities.....	1,598,731.98	.....
Total deferred liabilities.....		1,657,149.51
UNADJUSTED CREDITS:		
Tax liability.....	\$1,122,745.14	.....
Insurance and casualty reserves.....	201,313.21	.....
Operating reserves.....	1,447,241.94	.....
Accrued depreciation—Equipment.....	19,402,032.61	.....
Other unadjusted credits.....	656,790.87	.....
Total unadjusted credits.....		22,830,123.77
CORPORATE SURPLUS:		
Additions to property through income and surplus.....	\$28,291.65	.....
Profit.....	43,531,329.92	.....
Total corporate surplus.....		43,559,621.57
TOTAL LIABILITIES.....		\$234,223,754.85

LEHIGH VALLEY RAILROAD COMPANY

Table 2 Statement of Securities of Affiliated Operated Companies Owned, December 31, 1921

KIND	PAR VALUE		
	PLEGDED	UNPLEGDED	TOTAL
STOCKS:			
Bay Shore Connecting Railroad Co.....		\$27,900.00	\$27,900.00
Delaware, Susquehanna & Schuylkill Rail Road Co.....	a \$1,500,000.00		1,500,000.00
Easton & Northern Railroad Co.....	b 565,000.00		565,000.00
Lehigh-Buffalo Terminal Railway Corporation.....		50,000.00	50,000.00
Lehigh & New York Railroad Co.—Preferred.....	b 3,289,086.00		3,289,086.00
Lehigh & New York Railroad Co.—Common.....		1,100.00	1,100.00
Lehigh Valley Harbor Terminal Railway Co.....		100,000.00	100,000.00
Lehigh Valley Railroad Co. of New Jersey.....	b 12,506,000.00		12,506,000.00
Lehigh Valley Rail Way Co.....	b 11,745,000.00		11,745,000.00
Loyalsock Railroad Co.....	b 825,000.00		825,000.00
Montrose Railroad Co.....		100,000.00	100,000.00
Morris Canal & Banking Co.—Consolidated.....		992,100.00	992,100.00
Morris Canal & Banking Co.—Preferred.....		1,139,900.00	1,139,900.00
Morris Canal & Banking Co.—Preferred Dividend Scrip.....		41,480.50	41,480.50
Pennsylvania & New York Canal & Railroad Co.....	b 1,511,550.00		1,511,550.00
Schuylkill & Lehigh Valley Railroad Co.....	b 2,000,000.00		2,000,000.00
Miscellaneous.....		8,500.00	8,500.00
Total.....	\$33,941,636.00	\$2,460,980.50	\$36,402,616.50
BONDS:			
Easton & Amboy Railroad Co., First Mortgage.....		\$1,888,000.00	1,888,000.00
Easton & Northern Railroad Co., First Mortgage.....		249,000.00	249,000.00
Easton & Northern Railroad Co., Debentures.....	b \$23,000.00		23,000.00
Greenville & Hudson Railway Co., First Mortgage.....		350,000.00	350,000.00
Irvington Railroad Co., First Mortgage.....		125,000.00	125,000.00
Lehigh-Buffalo Terminal Railway Corp'n, First Mortgage.....	c 4,000,000.00		4,000,000.00
Lehigh Valley Railroad Co. of New Jersey, Debentures.....	b 3,310,000.00		3,310,000.00
Lehigh Valley Rail Way Co., Debentures.....	b 6,643,000.00		6,643,000.00
Lehigh Valley Terminal Railway Co., First Mortgage.....		1,000.00	1,000.00
Loyalsock Railroad Co., Debentures.....	b 35,000.00		35,000.00
Middlesex Valley Railroad Co., First Mortgage.....		400,000.00	400,000.00
Montrose Railroad Co., First Mortgage.....		100,000.00	100,000.00
Montrose Railroad Co., Debentures.....		12,000.00	12,000.00
Morris Canal & Banking Co., First Mortgage.....		500,000.00	500,000.00
Penna. & New York Canal & Railroad Co., Debentures.....	b 1,640,000.00		1,640,000.00
Rochester Southern Railroad Co., First Mortgage.....		425,000.00	425,000.00
Schuylkill & Lehigh Valley Railroad Co., First Mortgage.....		2,000,000.00	2,000,000.00
Schuylkill & Lehigh Valley Railroad Co., Debentures.....	b 6,000.00		6,000.00
Seneca County Railway, First Mortgage.....		500,000.00	500,000.00
Total.....	\$15,657,000.00	\$6,825,000.00	\$22,482,000.00
Grand Total.....	\$49,598,636.00	\$9,285,980.50	\$58,884,616.50
Book value of the above securities.....	\$42,737,254.98	\$9,418,606.28	\$52,155,861.26

NOTE:—As the income from the operation of these properties is included in the Income Account of the Lehigh Valley Railroad Co., no dividends or interest are received on these securities.

Statement of Other Securities Owned

KIND	PAR VALUE			DIVIDENDS AND INTEREST RECEIVED
	PLEGDED	UNPLEGDED	TOTAL	
STOCKS:				
Buffalo Creek Railroad Co.....		\$125,000.00	\$125,000.00	\$8,750.00
Coxe Brothers & Co., Incorporated.....	a \$2,910,150.00		2,910,150.00	2,425,481.38
Highland Coal Co.....		120,000.00	120,000.00	14,400.00
Lehigh & Hudson River Railway Co.....		572,800.00	572,800.00	48,801.53
Lehigh Valley Coal Co.....	b 9,465,000.00		9,465,000.00	6,830,841.09
National Storage Co.....		2,400,000.00	2,400,000.00	240,000.00
New York & Middle Coal Field Railroad & Coal Co.....		1,216,325.00	1,216,325.00	640,000.00
Philadelphia Grain Elevator Co.....		164,000.00	164,000.00	9,840.00
Philadelphia Harbor Transfer.....		40,000.00	40,000.00	10,000.00
Wyoming Valley Water Supply Co.....		1,686,900.00	1,686,900.00	67,476.00
Miscellaneous		26,584.00	26,584.00	3,842.50
Total				
BONDS:				
National Storage Co., 5% Debentures.....	\$12,375,150.00	\$6,351,609.00	\$18,726,759.00	\$10,299,432.50
Dominion of Canada, 5½% Victory Loan.....				
U. S. Govt., Liberty and Victory Loan.....		\$755,000.00	\$755,000.00	\$25,166.67
The Virginian Railway Co., First Mortgage 5%.....		300,000.00	300,000.00	16,500.00
Allegheny Valley Railway Co., General Mortgage 4%.....		5,488,850.00	5,488,850.00	186,372.43
Johnstown Passenger Railway Co., Consolidated Mortgage 4%.....		37,000.00	37,000.00	1,283.89
Market St. Elevated Passenger Ry. Co., First Mortgage 4%.....		40,000.00	40,000.00	800.00
New York Short Line, First Mortgage 4%.....		16,000.00	16,000.00	640.00
Phila. Rapid Transit Co., Collateral Trust 5%.....		22,000.00	22,000.00	440.00
Public Service Corp'n of New Jersey, General Mortgage 5%.....		32,000.00	32,000.00	640.00
Reading Co.-P. & R. Coal and Iron Co., General Mortgage 4%.....		20,000.00	20,000.00	500.00
Virginia & Southwestern Ry. Co., First Mortgage 5%.....		20,000.00	20,000.00	500.00
Reading Co.-Jersey Central, Collateral Trust 4%.....		13,000.00	13,000.00	520.00
Total		13,000.00	13,000.00	325.00
U. S. Govt. 5½% Treasury Notes.....		25,000.00	25,000.00	500.00
Other Securities.....		\$6,781,850.00	\$6,781,850.00	\$234,187.99
Grand total.....		\$3,000,000.00	\$3,000,000.00	\$44,022.78
Book value of the above securities.....		\$3,842,051.01	\$3,842,051.01	\$38,667.35
	\$12,375,150.00	\$19,975,510.01	\$32,350,660.01	\$10,616,310.62
	\$17,362,005.43	\$20,712,566.20	\$38,074,571.63	
a Pledged under Lehigh Valley Ry. Co. bonds.				

a Pledged under Lehigh Valley Railroad Co. Collateral Trust Agreement of November 1, 1905.
b Pledged under Lehigh Valley Railroad Co. General Consolidated Mortgage of September 30, 1903.
c Pledged under Lehigh Valley Railroad Co. 10-year Collateral Trust Agreement of August 31, 1918.

The book value of the securities, \$90,230,432.89 is carried on the balance sheet as follows:
Investments in Affiliated Companies—Stocks, Bonds and Notes.....

\$80,578,887.16
9,651,545.73

LEHIGH VALLEY RAILROAD COMPANY

Statement of Funded Debt, December 31, 1921

Table 3

DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	IN TREASURY OF THE COMPANY OR PLEDGED	IN HANDS OF THE PUBLIC	INTEREST		
					RATE	PAYABLE	ACCRUED DURING THE YEAR
LEHIGH VALLEY RAILROAD COMPANY: First Mortgage Bonds.....	May 15, 1868	June 1, 1948 { Dec. 1, 1923 Perpetual	..... \$108,000	\$5,000,000 5,530,000 10,062,000	4% 6% 6%	June and Dec. June and Dec. June and Dec.	\$200,000.00 336,934.33 603,720.00
Consolidated Mortgage Bonds.....	Nov. 13, 1873	{ Dec. 1, 1923 Perpetual	..... 66,000	4,696,000 2,538,000 26,953,000	4½% 4½% 4%	June and Dec. June and Dec. May and Nov.	213,678.50 114,210.00 1,078,520.00
*General Consolidated Mortgage Bonds.....	Sept. 30, 1903	May 1, 2003	{ \$12,686,000 \$1,000,000 \$20,000,000	20,697,000	4½% 5%	May and Nov. May and Nov.	931,365.00 †.....
Collateral Trust Bonds.....	Nov. 1, 1905	{ \$500,000 semi- annually to Feb. 1, 1926 Sept. 1, 1928	1,088,000	3,412,000	4%	Feb. and Aug.	150,298.24
Collateral Trust Bonds (Ten-Year).....	Aug. 31, 1918	.....	.....	15,000,000	6%	Mar. and Sept.	900,000.00
CONSOLIDATED REAL ESTATE COMPANY: First Mortgage Bonds.....	Feb. 1, 1906	Feb. 1, 1956	\$2,600,000	.....	4%	Feb. and Aug.	†.....
Total Funded Debt and Interest.....	.....	.....	\$37,548,000	\$93,888,000	.....	.....	\$4,528,726.07

*Amount of authorized issue, \$150,000,000.

†\$3,806,000 pledged with United States Government.

†\$4,400,000 pledged under Ten-Year 6% Collateral Trust Agreement of August 31, 1918.

§\$12,000,000 pledged under Ten-Year 6% Collateral Trust Agreement of August 31, 1918.

†Pledged under Ten-Year 6% Collateral Trust Agreement of August 31, 1918.

†Excludes interest on securities in the Treasury.

Guaranties and Rentals, Year Ended December 31, 1921

GUARANTIES	DATE OF ISSUE	DATE OF MATURITY	IN HANDS OF THE PUBLIC	GUARANTIES AND RENTALS		
				RATE	PAYABLE	ACCRUED DURING THE YEAR
ENTIRE CAPITAL STOCK OWNED:						
Lehigh Valley Terminal Railway Co., First Mortgage Bonds.....	Oct. 1, 1891	Oct. 1, 1941	\$9,999,000	5%	April and Oct.	\$499,966.67
Easton & Amboy Railroad Co., First Mortgage Bonds.....	April 13, 1880	May 1, 1922	4,112,000	5%	May and Nov.	278,038.64
Easton & Northern Railroad Co., First Mortgage Bonds.....	Oct. 7, 1895	Nov. 1, 1935	51,000	4½%	May and Nov.	2,295.00
Penna. & N. Y. Canal & Railroad Co., Consolidated Mortgage Bonds..	Nov. 13, 1888	April 1, 1939	{ 4,000,000 1,500,000 3,000,000	5% 4½% 4%	April and Oct. April and Oct. April and Oct.	200,000.00 67,500.00 120,000.00
The Lehigh Valley Rail Way Co., First Mortgage Bonds.....	June 23, 1890	July 1, 1940	15,000,000	4½%	Jan. and July	675,000.00
Middlesex Valley Railroad Co., First Mortgage Bonds.....	Aug. 26, 1892	Nov. 1, 1942	200,000	5%	May and Nov.	10,000.00
The Lehigh & Lake Erie Railroad Co., First Mortgage Bonds.....	Mar. 1, 1907	Mar. 1, 1957	3,000,000	4½%	Mar. and Sept.	135,000.00
Lehigh-Buffalo Terminal Railway Corp'n, First Mortgage Bonds.....	Nov. 1, 1916	Nov. 1, 1966	725,000	4½%	May and Nov.	36,750.00
MAJORITY CAPITAL STOCK OWNED:						
Lehigh & New York Railroad Co., First Mortgage Bonds.....	Aug. 24, 1895	Sept. 1, 1945	2,000,000	4%	Mar. and Sept.	80,000.00
Total.....	.....	.....	\$43,587,000	.....	.....	\$2,104,550.31
RENTALS—LINES NOT OWNED:						
State Line and Sullivan Railroad Co.....	.....	.....	.....	.....	.....	40,000.00
Raritan Terminal and Transportation Co.....	.....	.....	.....	.....	.....	2,000.00
New York Central Railroad Co.....	.....	.....	.....	.....	.....	12,313.32
Total Interest and Rentals.....	.....	.....	.....	.....	.....	\$2,158,863.63

1921

LEHIGH VALLEY RAILROAD COMPANY

ADDITIONS AND BETTERMENTS, ENTIRE SYSTEM, YEAR ENDED

Table 5

DECEMBER 31, 1921

	EXPENDITURES AND CHARGES	RETIREMENTS	NET AMOUNT
Engineering	\$57,156.85	\$8,933.55	\$48,223.30
Land for transportation purposes	311,483.92	60,802.09	250,681.83
Grading	287,527.34	11,532.51	275,994.83
Bridges, trestles and culverts	251,894.44	16,172.98	235,721.46
Ties	27,304.40	16,891.28	10,413.12
Rails	381,296.78	19,126.69	362,170.09
Other track material	323,177.73	12,843.66	310,334.07
Ballast	109,942.91	710.00	109,232.91
Track laying and surfacing	107,496.35	14,376.50	93,119.85
Crossings and signs	69,416.44	1,479.71	67,936.73
Station and office buildings	101,074.25	99,061.64	2,012.61
Roadway buildings	4,501.85	.....	4,501.85
Water stations	68,668.24	2,970.17	65,698.07
Fuel stations	21,262.71	8,446.00	29,708.71
Shops and engine houses	90,956.78	.....	90,956.78
Wharves and docks	732,300.51	741,998.02	9,697.51
Coal and ore wharves	571,563.04	152,939.61	418,623.43
Telegraph and telephone lines	61,218.92	.....	61,218.92
Signals and interlockers	34,070.13	2,201.59	31,868.54
Power plant buildings	6,778.97	11,253.26	18,032.23
Power substation buildings	5,748.40	.....	5,748.40
Power distribution systems	44,652.17	.....	44,652.17
Power line poles and fixtures	2,800.21	.....	2,800.21
Paving	13,964.29	.....	13,964.29
Roadway machines	9.52	.....	9.52
Assessments for public improvements	13,882.37	.....	13,882.37
Other expenditures—road	6.77	.....	6.77
Shop machinery	132,655.47	29,193.75	103,461.72
Power plant machinery	6,507.79	.....	6,507.79
Steam locomotives	440,188.93	68,235.52	371,953.41
Freight train cars	801,112.25	1,322,770.09	521,657.84
Passenger train cars	3,449.92	34,684.68	31,234.76
Floating equipment	763,875.05	439,973.09	323,901.96
Work equipment	67,068.87	27,032.68	40,036.19
Miscellaneous equipment	7,326.20	.....	7,326.20
General expenditures	756,653.71	52,851.60	703,802.11
Total	\$6,413,036.40	\$3,156,480.67	\$3,256,555.73

Italics indicate credits.

1921

LEHIGH VALLEY RAILROAD COMPANY

Table 6

EQUIPMENT (ENTIRE SYSTEM) YEAR ENDED DECEMBER 31, 1921

LOCOMOTIVES:	1,020
Tractive power (pounds).....	39,347,386
PASSENGER EQUIPMENT:	
Passenger	271
Combined passenger and baggage.....	47
Combined baggage and mail.....	18
Baggage and express.....	193
Dining	12
Kitchen	1
Library buffet.....	3
Postal	3
Milk	135
Total.....	683
FREIGHT EQUIPMENT:	
Box	16,660
Coal	16,288
Gondola	3,182
Flat	35
Refrigerator	1,202
Automobile	1,745
Ice	478
Well	3
Gun and armor.....	5
Set of gun and armor trucks.....	1
Cabooses	484
Total	40,083
WORK EQUIPMENT:	
Air-brake instruction.....	1
Air-dump	100
Box	1
Coal	20
Derrick	38
Flat	64
Gondola	202
Grading	15
Hospital	2
Locomotive cranes.....	45
Motor	4
Official	6
Pile driver.....	2
Pole	4
Scale-test	3
Snow flangers.....	20
Snow plows.....	10
Spreader	4
Steam shovels.....	3
Tank	36
Tool	4
Tunnel	1
Unloader	624
Workmen's	
Total	1,212
*FLOATING EQUIPMENT:	
Tugs	14
Steam lighters.....	6
Barges	212
Car floats.....	30
Cattle boats.....	2
Service boats.....	7
Total	271

*Does not include Morris Canal & Banking Company's equipment.

1921

LEHIGH VALLEY RAILROAD COMPANY
MILEAGE OF ROAD AND TRACK OPERATED, DECEMBER 31, 1921
 By Corporate Ownership

Table 7

	MILES OF ROAD	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS & SIDINGS MILES	TOTAL TRACK MILES
LEHIGH VALLEY RAILROAD COMPANY.....	316.15	187.00	43.79	29.99	332.81	909.74
CONTROLLED BY OWNERSHIP OF ENTIRE CAPITAL STOCK:						
Lehigh Valley Railroad Company of New Jersey.....	124.31	92.15	37.85	13.07	287.30	554.68
Pennsylvania and New York Canal and Railroad Company...	136.26	98.00	4.78	2.03	223.86	464.93
The Lehigh Valley Rail Way Company.....	514.22	196.82	15.82	.....	335.94	1,062.80
Lehigh-Buffalo Terminal Railway Corporation.....	.68	.68	.....	.....	4.56	5.92
The Delaware, Susquehanna and Schuylkill Rail Road Co...	21.11	.....	.....	.....	14.99	36.10
Easton and Northern Railroad Company.....	12.78	.....	.....	.....	5.53	18.31
The Schuylkill and Lehigh Valley Railroad Company.....	41.84	.....	.....	.....	8.16	50.00
Loyalsock Railroad Company.....	50.27	.....	.....	.....	8.35	58.62
Montrose Railroad Company.....	27.36	.....	.....	.....	4.09	31.45
National Storage Company.....	.....	.....	.....	.....	8.80	8.80
Lehigh Valley Harbor Terminal Railway Company.....	.....	.....	.....	.....	.43	.43
Total	928.83	387.65	58.45	15.10	902.01	2,292.04
CONTROLLED BY OWNERSHIP OF MAJORITY OF CAPITAL STOCK AND LEASE:						
Lehigh and New York Railroad Company.....	115.37	.....	.....	.....	39.23	154.60
OPERATED UNDER LEASE:						
State Line and Sullivan Railroad Company.....	24.03	.....	.....	.....	3.59	27.62
Hayts Corners, Ovid and Willard Railroad Company.....	2.98	.....	.....	.....	.20	3.18
New York Central Railroad Company.....	.....	.....	.....	.....	12.65	12.65
Raritan Terminal and Transportation Company.....	.59	.....	.....	.....	.01	.60
Morris Canal and Banking Company.....	.....	.....	.....	.....	1.03	1.03
Total	27.60	.....	.....	.....	17.48	45.08
TRACKAGE RIGHTS:						
Pennsylvania Railroad Company.....	20.14	18.30	.....	.....	.....	38.44
Peoples Railway Company.....	3.47	.....	.....	.....	.....	3.47
Delaware and Hudson Company.....	1.67	1.61	.....	.....	.66	3.94
Erie and Wyoming Valley Railroad Company.....	.88	.....	.....	.....	.....	.88
Lehigh and New England Railroad Company.....	.44	.....	.....	.....	.74	1.18
Susquehanna and New York Railroad Company.....	3.83	.....	.....	.....	.....	3.83
Lehigh and Wilkes-Barre Coal Company.....	1.00	.....	.....	.....	.....	1.00
Mountain Spring Water Ice Company.....	.62	.....	.....	.....	.22	.84
John C. Haddock Estate.....	.50	.....	.....	.....	.....	.50
Middle Lehigh Coal Company.....	2.42	.....	.....	.....	.....	2.42
Central Railroad Company of New Jersey.....	.08	.....	.....	.....	.....	.08
New York, Ontario and Western Railroad Company.....	.10	.....	.....	.....	.....	.10
Western New York and Pennsylvania Railway Company.....	.34	.....	.....	.....	.....	.34
Erie Railroad Company.....	.....	.....	.....	.....	1.52	1.52
New York Central Railroad Company.....	25.35	14.29	.....	.....	.....	39.64
Total	60.84	34.20	.....	.....	3.14	98.18
Grand Total.....	1,448.79	608.85	102.24	45.09	1,294.67	3,499.64
MILEAGE BY STATES:						
Pennsylvania	646.50	286.56	48.57	32.02	602.95	1,616.60
New York.....	660.24	212.99	15.82	.....	395.51	1,284.56
New Jersey.....	142.05	109.30	37.85	13.07	296.21	598.48
Total	1,448.79	608.85	102.24	45.09	1,294.67	3,499.64

LEHIGH VALLEY RAILROAD COMPANY INCOME STATEMENT

For the Years Ended December 31, 1921 and 1920

Table 8

AVERAGE MILES OF ROAD OPERATED.....	1921	PER CENT. OF OPERATING REVENUES	1920	PER CENT. OF OPERATING REVENUES	INCREASE	DECREASE
1448.87	1447.64				1.23	
OPERATING REVENUES:						
Anthracite coal freight revenue.....	\$27,951,609.31	37	\$23,777,483.72	32	\$4,174,125.59	\$846,808.79
Bituminous coal freight revenue.....	1,783,257.69	2	2,630,066.48	3	2,423,452.83	165,296.43
Merchandise freight revenue.....	32,587,962.41	44	35,011,415.24	47	138,051.75	644,498.93
Passenger revenue.....	7,700,483.38	10	7,865,779.81	1	165,296.43	138,051.75
Mail revenue.....	399,430.96	1	537,482.71	2	138,051.75	644,498.93
Express revenue.....	619,166.86	1	1,263,665.79	3	396,838.11	309,894.17
Other transportation revenue.....	2,854,146.92	4	2,457,308.81	2	396,838.11	309,894.17
Transportation revenue—water lines.....	1,033,855.50	1	1,370,764.84	100	336,909.34	\$293,948.54
Incidental revenue.....	\$74,929,913.03	100	\$75,223,861.57	100		
Total Operating Revenues.....	\$74,929,913.03		\$75,223,861.57			
OPERATING EXPENSES:						
Maintenance of way and structures.....	\$7,785,611.26	10	\$11,796,034.94	16	\$4,010,423.68	
Maintenance of equipment.....	25,138,717.03	34	23,641,002.41	31	\$1,497,714.62	
Traffic expenses.....	1,225,932.23	2	984,337.74	1	241,594.49	
Transportation expenses—rail.....	31,396,217.56	42	41,486,496.97	55	10,090,279.41	
Transportation expenses—water lines.....	284,698.07	1	335,277.70	1	50,579.63	
Miscellaneous operations.....	1,703,356.63	2	329,724.24	2	1,373,632.39	
General expenses.....	4,519.02	90	1,746,300.98	107	\$12,785,082.62	
Transportation for investment—Cr.....	\$67,530,013.76		\$80,315,096.38			
Total Operating Expenses.....	\$67,530,013.76		\$80,315,096.38			
NET OPERATING REVENUE.....	\$7,399,899.27		\$5,007,234.87		\$2,392,664.40	
Railway tax accruals.....	1,918,936.52		2,250,935.79		\$331,999.27	
Uncollectible railway revenues.....	46,292.18		7,060.41		39,231.77	
Total Tax Accruals, etc.....	\$1,965,228.70		\$2,257,996.20		\$292,767.50	
OPERATING INCOME.....	\$5,434,670.57		\$7,349,231.01		\$12,783,901.58	
OTHER INCOME:						
Hire of Equipment { Rolling.....	\$118,007.84		\$1,101,112.04		\$983,104.20	
Joint facility rent income.....	9,762.12		5,072.72		\$4,689.40	
Miscellaneous non-operating physical property.....	477,949.15		373,086.44		104,862.71	
Separately operated properties—profit.....	299,405.48		197,444.05		101,961.43	
Dividend income.....	140,280.92		146,960.00		6,679.08	
Income from funded securities.....	10,399,432.50		15,532,351.20		5,132,918.70	
Income from unfunded securities and accounts.....	316,878.12		184,327.16		132,550.96	
Miscellaneous income.....	1,133,715.23		408,823.58		724,891.66	
Total Other Income.....	\$12,843,148.86		\$17,925,568.41		\$5,082,419.55	
Total Income.....	\$18,277,819.43		\$10,576,337.40		\$7,701,482.03	
DEDUCTIONS FROM INCOME:						
Hire of Equipment { Rolling.....	\$121,429.27		\$10,116.86		\$11,312.41	
Joint facility rents.....	153,215.00		503,396.71		\$350,181.71	
Rent for leased roads.....	183,530.03		236,141.52		52,611.49	
Miscellaneous rents.....	2,158,863.63		2,195,092.17		36,228.54	
Miscellaneous tax accruals.....	341,957.29		366,497.72		24,540.43	
Interest on funded debt.....	278,022.90		312,654.80		34,631.90	
Interest on unfunded debt.....	4,528,726.07		4,580,838.78		52,112.71	
Miscellaneous income charges.....	36,684.57		393,361.98		356,677.41	
Total Deductions from Income.....	\$8,489,753.16		\$8,979,373.54		\$489,620.38	
Net Income.....	\$9,788,066.27		\$1,596,963.86		\$8,191,102.41	

Italics indicate deficits.

Note:—Figures include Federal operating results January and February, 1920, also lapovers for subsequent months. The Federal lapovers in 1921 amounted to a debit of \$262,731.24.

LEHIGH VALLEY RAILROAD COMPANY

Operating Revenues and Expenses, by Months, for the Year Ended December 31, 1921

Table 9

RAILWAY OPERATING REVENUES

MONTHS	Coal Freight	Merchandise Freight	Passenger	Mail	Express	Other Passenger Train	Other Transportation	Incidental	Total Railway Operating Revenues
January	\$2,551,091.42	\$2,419,077.78	\$627,939.88	\$23,106.72	\$53,107.24	\$141,383.43	\$96,591.93	\$123,815.92	\$6,036,114.32
February	2,485,215.11	2,112,337.83	531,418.59	27,631.25	22,487.86	134,249.09	91,849.38	112,646.58	5,517,835.69
March	2,400,679.10	2,596,154.56	609,208.51	53,782.22	57,155.63	152,498.70	93,443.39	106,372.64	6,069,294.75
April	2,644,693.07	2,614,809.28	605,412.77	29,106.76	46,921.48	162,542.45	103,643.45	82,529.74	6,289,659.00
May	2,634,128.95	2,713,640.35	654,783.06	25,763.86	12,480.01	159,672.00	86,478.94	62,455.16	6,349,402.33
June	2,692,902.40	2,791,373.90	671,290.03	72,287.43	33,520.76	167,723.07	79,084.82	71,551.74	6,579,734.15
July	2,489,308.25	2,584,106.66	819,397.17	27,799.65	29,006.29	163,936.87	69,197.47	77,231.57	6,259,983.93
August	2,468,850.07	2,895,891.51	777,937.91	27,828.06	59,073.00	169,434.75	94,342.11	93,982.15	6,587,339.56
September	2,474,605.28	3,009,310.49	734,209.49	33,817.76	99,447.86	144,245.18	87,100.34	104,473.46	6,687,209.86
October	2,672,559.28	3,290,455.95	577,985.90	25,442.87	60,937.75	137,809.83	94,556.46	45,997.11	6,905,745.15
November	2,409,341.23	2,976,101.88	547,982.18	25,397.22	76,485.38	132,492.42	88,997.71	73,529.21	6,330,327.23
December	1,811,492.84	2,584,702.22	542,917.89	27,467.16	68,543.60	145,294.48	57,578.65	79,270.22	5,317,267.06
Total	\$29,734,867.00	\$32,587,962.41	\$7,700,483.38	\$399,430.96	\$619,166.86	\$1,811,282.27	\$1,042,864.65	\$1,033,855.50	\$74,929,913.03

RAILWAY OPERATING EXPENSES

MONTHS	Maintenance of Way and Structures	Maintenance of Equipment	Traffic	Transportation	Miscellaneous Operations	General	Transportation for Investment—Cr.	Total Railway Operating Expenses	NET REVENUE FROM RAILWAY OPERATIONS
January	\$680,316.96	\$2,185,350.32	\$101,264.13	\$3,159,349.67	\$23,993.22	\$152,097.69	\$420.25	\$6,301,951.74	\$265,837.42
February	534,066.88	2,283,699.94	104,262.26	2,792,221.19	21,398.56	113,157.90	204.13	5,848,602.60	330,766.91
March	557,587.23	2,707,300.65	113,931.06	2,825,676.07	24,208.75	169,619.32	42.94	6,398,280.14	328,985.39
April	571,459.55	2,713,045.73	96,501.27	2,649,455.16	22,300.33	150,910.12	46.10	6,203,626.06	86,032.94
May	654,027.74	2,445,459.73	125,460.62	2,694,367.09	22,972.17	171,576.12	373.43	6,113,490.04	235,912.29
June	898,373.90	2,100,802.25	97,346.22	2,500,533.56	25,368.76	129,565.18	109.06	5,751,880.81	827,853.34
July	716,472.30	1,870,781.53	96,231.11	2,395,816.91	27,442.48	135,275.95	1.02	5,242,019.26	1,017,964.67
August	806,011.93	2,087,843.88	92,124.74	2,435,879.51	26,332.75	124,987.80	602.72	5,572,577.89	1,014,761.67
September	829,497.77	1,515,052.71	93,911.80	2,356,057.63	23,508.94	127,750.33	167.75	4,945,611.43	1,741,598.43
October	757,785.41	1,977,144.09	96,826.61	2,711,022.13	22,590.87	137,484.40	361.78	5,702,491.73	1,203,253.42
November	449,085.75	1,828,104.35	103,029.68	2,514,405.39	21,453.83	136,769.17	2,063.00	5,050,785.17	1,279,542.06
December	330,925.84	1,424,131.85	105,042.73	2,361,433.25	23,127.41	154,162.65	126.84	4,398,696.89	918,570.17
Total	\$7,785,611.26	\$25,138,717.03	\$1,225,932.23	\$31,396,217.56	\$284,698.07	\$1,703,356.63	\$4,519.02	\$67,530,013.76	\$7,399,899.27

Italics indicate deficits.

The above statement presents the results of operation for the year, including Federal Control adjustments. For this reason the totals do not agree with the Corporate Income Statement on page 3.

1921

LEHIGH VALLEY RAILROAD COMPANY

Table 10

General Operating Results for the Years Ended December 31, 1921 and 1920

	1921	1920	INCREASE	DECREASE	PER CENT.
TRAIN AND LOCOMOTIVE MILEAGE					
Revenue freight train miles.....	6,569,904	7,217,869	.....	647,965	8.98
Revenue passenger train miles.....	3,281,725	3,313,015	.....	31,290	.94
Revenue milk and express train miles.....	981,729	1,166,111	.....	184,382	15.81
Revenue mixed train miles.....	100,786	106,909	.....	6,123	5.73
Revenue special train miles.....	5,412	5,503	.....	91	1.65
Total revenue service train miles.....	10,939,556	11,809,407	.....	869,851	7.37
Helping and light freight locomotive miles.....	1,404,923	1,661,881	.....	256,958	15.46
Helping and light passenger locomotive miles.....	445,175	484,142	.....	38,967	8.05
Helping and light mixed locomotive miles.....	6,503	4,409	2,094	.....	47.49
Helping and light special locomotive miles.....	166	481	.....	315	65.49
Total revenue service locomotive miles, excluding switching	12,796,323	13,960,320	.....	1,163,997	8.34
Switching locomotive miles.....	4,610,468	5,795,584	.....	1,185,116	20.45
Total revenue service locomotive miles.....	17,406,791	19,755,904	.....	2,349,113	11.89
Non-revenue service locomotive miles.....	595,209	886,792	.....	291,583	32.88
Per cent. of helping and light mileage to revenue train mileage	16.97	18.21	.....	1.24	6.81
CAR MILEAGE					
Freight car miles—loaded.....	181,198,975	203,603,052	.....	22,404,077	11.00
Freight car miles—empty.....	108,952,660	92,022,440	16,930,220	.....	18.40
Freight car miles—caboose.....	6,781,924	7,414,555	.....	632,631	8.53
Total freight car miles.....	296,933,559	303,040,047	.....	6,106,488	2.02
Average number of loaded freight cars per train mile.....	27.16	27.80	.....	.64	2.30
Average number of empty freight cars per train mile.....	16.33	12.56	3.77	.....	30.02
Average number of all freight cars per train mile.....	43.49	41.37	2.12	.....	5.12
Per cent. of loaded car mileage to total car mileage.....	61.02	67.18	.....	6.16	9.17
Per cent. of empty car mileage to total car mileage.....	36.69	30.36	6.33	.....	20.85
Per cent. of caboose car mileage to total car mileage.....	2.29	2.45	.....	.16	6.53
Passenger car miles—including Pullman.....	15,912,756	16,933,179	.....	1,020,423	6.03
Baggage, dining, mail, express and milk car miles.....	16,685,218	16,866,259	.....	181,041	1.07
Total passenger car miles.....	32,597,974	33,799,438	.....	1,201,464	3.55
Average number of passenger cars per train mile.....	7.65	7.55	.10	.....	1.32
Special revenue service car miles.....	34,909	29,791	5,118	.....	17.18
Non-revenue service car miles.....	986,464	2,253,233	.....	1,266,769	56.22

NOTE:—Includes January and February, 1920, under Federal Control.

1921

LEHIGH VALLEY RAILROAD COMPANY

Table 11

General Traffic Results for the Years Ended December 31, 1921 and 1920

	1921	1920	INCREASE	DECREASE	PER CENT.
Average miles of road operated.....	1,448.87	1,447.64	1.23	.....	.08
FREIGHT TRAFFIC					
Tons of revenue freight carried.....	26,377,743	32,103,897	.....	5,726,154	17.84
Tons of company freight carried.....	2,858,626	3,127,864	.....	269,238	8.61
Tons of all freight carried.....	29,236,369	35,231,761	.....	5,995,392	17.02
Tons of revenue coal carried one mile.....	2,345,211,238	2,638,247,537	.....	293,036,299	11.11
Tons of revenue merchandise carried one mile.....	2,768,079,906	3,689,265,536	.....	921,185,630	24.97
Tons of company freight carried one mile.....	175,492,044	230,789,554	.....	55,297,510	23.96
Tons of all freight carried one mile.....	5,288,783,188	6,558,302,627	.....	1,269,519,439	19.36
Tons of revenue freight carried one mile per mile of road.....	3,529,158	4,370,916	.....	841,758	19.26
Average distance revenue freight carried—in miles..	193.85	197.09	.....	3.24	1.64
Revenue from freight.....	\$62,322,829.41	\$61,418,965.44	\$903,863.97	.....	1.47
Average revenue per ton carried.....	\$2.36-271	\$1.91-313	\$44-958	.....	23.50
Average revenue per ton per mile—in cents.....	1.219	.971	.248	.....	25.54
Freight revenue per mile of road operated.....	\$43,014.78	\$42,426.96	\$587.82	.....	1.39
Freight revenue per revenue freight train mile.....	\$9.34-279	\$8.38-510	\$95-769	.....	11.42
Tons of revenue freight carried per revenue freight train mile.....	766.53	863.85	.....	97.32	11.27
Tons of all freight carried per revenue freight train mile.....	792.84	895.36	.....	102.52	11.45
Tons of all freight carried per revenue service locomotive mile, excluding switching miles.....	654.38	729.60	.....	75.22	10.31
Average number of tons of all freight in each loaded car.....	29.19	32.21	.....	3.02	9.38
PASSENGER TRAFFIC					
Revenue passengers carried.....	4,984,744	6,598,589	.....	1,613,845	24.46
Revenue passengers carried one mile.....	235,535,969	278,186,230	.....	42,650,261	15.33
Revenue passengers carried one mile per mile of road	162,565	192,165	.....	29,600	15.40
Average distance carried—in miles.....	47.25	42.16	5.09	.....	12.07
Revenue from passengers.....	\$7,700,483.38	\$7,865,779.81	.....	\$165,296.43	2.10
Average revenue per passenger—in cents.....	154.481	119.204	35.277	.....	29.59
Average revenue per passenger per mile—in cents...	3.269	2.828	.441	.....	15.59
Average revenue from passengers per passenger train mile (excluding milk and express).....	\$2.31-099	\$2.33-651	.....	\$.02-552	1.09
Passenger service train revenue.....	\$10,530,363.47	\$11,244,359.25	.....	\$713,995.78	6.35
Passenger service train revenue per mile of road....	\$7,267.98	\$7,767.37	.....	\$499.39	6.43
Passenger service train revenue per train mile (including milk and express).....	\$2.44-106	\$2.48-078	.....	\$.03-972	1.60
Average revenue passengers per car mile.....	15	16	.....	1	6.25
Average revenue passengers per train mile (including mixed).....	71	83	.....	12	14.46
REVENUES AND EXPENSES					
Freight and passenger revenue.....	\$70,023,312.79	\$69,284,745.25	\$738,567.54	.....	1.07
Freight and passenger revenue per mile of road.....	\$48,329.60	\$47,860.48	\$469.12	.....	.98
Total operating revenues.....	\$74,929,913.03	\$75,223,861.57	.....	\$293,948.54	.39
Total operating revenues per mile of road.....	\$51,716.10	\$51,963.10	.....	\$247.00	.48
Operating expenses.....	\$67,530,013.76	\$80,315,096.38	.....	\$12,785,082.62	15.92
Ratio of operating expenses to operating revenues...	90.12%	106.77%	.....	16.65%	15.59
Operating expenses per mile of road.....	\$46,608.74	\$55,480.02	.....	\$8,871.28	15.99
Net operating revenue.....	\$7,399,899.27	\$5,091,234.81	\$12,491,134.08	.....	.....
Net operating revenue per mile of road.....	\$5,107.36	\$3,516.92	\$8,624.28	.....	.....

Italics indicate deficits.

Note:—Includes January and February, 1920, under Federal Control.

1921

LEHIGH VALLEY RAILROAD COMPANY

Classification of Tonnage for the Years Ended December 31, 1921 and 1920

Table 12

COMMODITY	1921		1920	
	TONS	PER CENT.	TONS	PER CENT.
PRODUCTS OF AGRICULTURE:				
Wheat.....	804,453	3.05	675,761	2.10
Corn.....	290,448	1.10	160,395	.50
Oats.....	204,413	.78	216,906	.68
Other grain.....	97,929	.37	244,319	.76
Flour and meal.....	1,026,074	3.89	800,182	2.49
Other mill products.....	270,266	1.02	253,435	.79
Hay, straw and alfalfa.....	196,654	.75	193,610	.60
Tobacco.....	14,091	.05	7,746	.02
Cotton.....	31,971	.12	21,279	.07
Cotton seed and products, except oil.....	1,471	.01	76,267	.24
Citrus fruits.....	12,369	.05	2,844	.01
Other fresh fruits.....	38,136	.14	58,982	.18
Potatoes.....	70,888	.27	50,975	.16
Other fresh vegetables.....	47,775	.18	46,905	.15
Dried fruits and vegetables.....	25,877	.10	32,423	.10
Other products of agriculture.....	144,798	.55	125,344	.39
Total.....	3,277,613	12.43	2,967,373	9.24
PRODUCTS OF ANIMALS:				
Horses and mules.....	1,653	.01	1,651	.01
Cattle and calves.....	21,659	.08	38,974	.12
Sheep and goats.....	4,408	.02	3,313	.01
Hogs.....	31,225	.12	24,508	.08
Fresh meats.....	181,670	.69	196,378	.61
Other packing-house products.....	149,806	.57	61,491	.19
Poultry.....	15,143	.06	8,498	.03
Eggs.....	33,039	.12	15,536	.05
Butter and cheese.....	29,327	.11	13,194	.04
Wool.....	16,133	.06	5,383	.02
Hides and leather.....	52,845	.20	51,813	.16
Other products of animals.....	22,193	.08	64,228	.19
Total.....	559,101	2.12	484,967	1.51
PRODUCTS OF MINES:				
Anthracite coal.....	13,028,065	49.39	13,485,191	42.00
Bituminous coal.....	1,793,941	6.80	2,783,136	8.67
Coke.....	43,184	.16	120,078	.37
Iron ore.....	68,985	.26	1,902,179	5.93
Other ores and concentrates.....	16,335	.06	49,277	.15
Base bullion and matte.....	24,125	.09	148,956	.46
Clay, gravel, sand and stone.....	1,075,031	4.08	1,159,349	3.61
Crude petroleum.....	10,226	.04	15,002	.05
Asphaltum.....	130,280	.50	165,682	.52
Salt.....	203,220	.77	294,109	.92
Other products of mines.....	41,903	.16	107,142	.33
Total.....	16,435,295	62.31	20,230,101	63.01

NOTE:—Includes January and February, 1920, under Federal Control.

1921

LEHIGH VALLEY RAILROAD COMPANY

Table 12 Classification of Tonnage for the Years Ended December 31, 1921 and 1920 Continued

COMMODITY	1921		1920	
	TONS	PER CENT.	TONS	PER CENT.
PRODUCTS OF FORESTS:				
Logs, posts, poles and cord wood.....	124,910	.47	109,769	.34
Ties.....	33,260	.13	41,765	.13
Pulp wood.....	6,486	.03	15,469	.05
Lumber, timber, box shooks, staves and headings.....	409,708	1.55	481,558	1.50
Other products of forests.....	81,996	.31	166,967	.52
Total.....	656,360	2.49	815,528	2.54
MANUFACTURES AND MISCELLANEOUS:				
Refined petroleum and its products.....	444,664	1.68	512,434	1.60
Vegetable oils.....	13,800	.05	28,950	.09
Sugar, sirup, glucose and molasses.....	171,223	.65	206,602	.64
Boats and vessel supplies.....	1,945	.01	3,234	.01
Iron, pig and bloom.....	153,534	.57	390,201	1.21
Rails and fastenings.....	56,644	.21	49,322	.15
Bar and sheet iron, structural iron and iron pipe.....	330,657	1.25	853,167	2.66
Other metals, pig, bar and sheet.....	91,461	.35	288,400	.90
Castings, machinery and boilers.....	126,346	.48	254,456	.79
Cement.....	1,035,573	3.92	952,946	2.97
Brick and artificial stone.....	123,511	.47	167,633	.52
Lime and plaster.....	59,630	.23	62,765	.20
Sewer pipe and drain tile.....	18,654	.07	21,395	.07
Agricultural implements and vehicles other than automobiles	28,255	.11	58,984	.18
Automobiles and autotrucks.....	142,789	.54	247,493	.77
Household goods and secondhand furniture.....	3,911	.01	9,827	.03
Furniture (new).....	19,987	.08	11,695	.04
Beverages.....	9,342	.04	24,489	.08
Ice.....	165,907	.63	89,868	.28
Fertilizers (all kinds).....	38,425	.15	41,685	.13
Paper, printed matter and books.....	97,093	.37	79,284	.25
Chemicals and explosives.....	182,093	.69	311,044	.97
Textiles.....	15,095	.06	44,509	.14
Canned goods (all canned food products).....	96,508	.37	99,400	.31
Other manufactures and miscellaneous.....	1,292,934	4.90	1,731,222	5.39
Total.....	4,719,981	17.89	6,541,005	20.38
Grand Total, Carload Traffic.....	25,648,350	97.24	31,038,974	96.68
Merchandise—All L. C. L. freight.....	729,393	2.76	1,064,923	3.32
Grand Total, Carload and L. C. L. Traffic.....	26,377,743	100.00	32,103,897	100.00

NOTE:—Includes January and February, 1920, under Federal Control.

LEHIGH VALLEY RAILROAD COMPANY

GENERAL REMARKS TO OWNERS OF RAILROAD SECURITIES

The general situation affecting the transportation interests of the United States is worthy of the attention and careful study of all owners of railroad securities. The year just closed was one of upset and disturbed conditions and 1922, while promising better things, offers serious and difficult problems, particularly from a railroad point of view.

During 1921 the situation was complicated, so far as the railroad companies were concerned, by difficulties with organized labor, the leaders of which were ill-disposed to accept the deflation of wages brought about in almost every other industry, and by demands for reduced freight rates from commercial interests, sorely pressed by prevailing conditions.

After an exhaustive investigation, the United States Railroad Labor Board in July announced a reduction in wages of approximately 11½% for all classes of employes and later during the year it promulgated new rules governing their working conditions—the latter taking the place of the National Agreements made with various unions during Federal control. While the National Agreements have been abrogated, National rules laid down by the Labor Board have been substituted. These are not as onerous as the National Agreements, but prove a handicap to economical and efficient operation because they are standardized for the country as a whole and make no allowance for local conditions. Neither the wage reduction nor the new rules made it possible for the railroads to reduce their operating expenses sufficiently to consider any horizontal reduction in rates. The railroads agreed, however, to seek further reductions in wages with a view to harmonizing them with the prevailing rates of pay in other industries, with the understanding that all savings effected should be passed along to the public in the form of reduced rates, and the matter is now before the Labor Board.

In the meanwhile, numerous voluntary adjustments in freight rates were made by the railroads, correcting obvious cases of injustice and, late in the year, all the railroads of the country agreed, beginning January 1, 1922, to make a reduction of 10% in rates on farm products, while on December 27, 1921, a 162-3% reduction in the rates on grain and grain products, ordered by the Interstate Commerce Commission, became effective in western territory.

Rate Reductions Sought as Aid to Other Industries Despite these reductions the demand for further concessions in rates continued unabated. Belief that such action offered a panacea for prevailing business difficulties apparently was widespread. The railroads as a whole spent far less on their properties during the last year than normally required. Their return to the market as purchasers to any important degree is possible only by permitting them to earn a fair return on their investment, but there was little disposition to give this opportunity to the country's largest buyer. Instead, it was argued that rate reductions must be made that this or that industry might be rescued from the unsatisfactory conditions into which it had lapsed as a result of the worldwide depression. Because of this insistent demand for further reductions, the Interstate Commerce Commission, on its own motion, decided upon a general inquiry into the whole question of transportation charges.

The Committee on Interstate Commerce of the United States Senate is now conducting an exhaustive inquiry into all phases of the transportation problem. While no important changes have been made in the Transportation Act of 1920, special attack has been made upon the provision of the law requiring the Interstate Commerce Commission to make rates which will provide the railroad companies with a fair return upon their properties used in railroad operation, and upon the section under which the Interstate Commerce Commission is given authority over intrastate rates where they affect interstate rates.

It will be recalled that the Transportation Act specifically required the Interstate Commerce Commission to make rates which would bring to the carriers revenues representing a reasonable return upon their investment in property used for railroad purposes and provided particularly that for the period between the passage of the Act and February 28, 1922, this reasonable rate should be 6 per cent. In 1921 the

LEHIGH VALLEY RAILROAD COMPANY

carriers as a whole earned only 3.3% on their investment despite this provision, so frequently incorrectly called a guarantee.

**Railroad's Credit
Situation is Aid
to Malcontents**

Advocates of some form of Government ownership of railroads, a question which it was thought had been eliminated as an issue in the railroad situation following experiences during the war and immediately afterward, continued to urge their ideas.

The most active were officials of various labor organizations, pressing the so-called Plumb Plan which provides for Government ownership with operation by the unions, and the theorists who see in the socialization of all public utilities the solution of all the ills to which the world is subject. Another element, and one which invites careful consideration, bids fair to become more important in the future. In recent years there has been a serious decline in railroad development. Not only have lines not been extended, but terminal facilities, additional trackage, etc., have not been constructed to keep pace with the Nation's commercial growth, and many railroad companies have not been in a financial position which would enable them to purchase new engines and cars in numbers calculated to meet the situation. When business revives, the demand for transportation probably will be greater than the capacity of existing facilities, and the railroads as a whole will have difficulty in supplying the service required. Past experience indicates that the unthinking immediately will start a clamor for Government ownership.

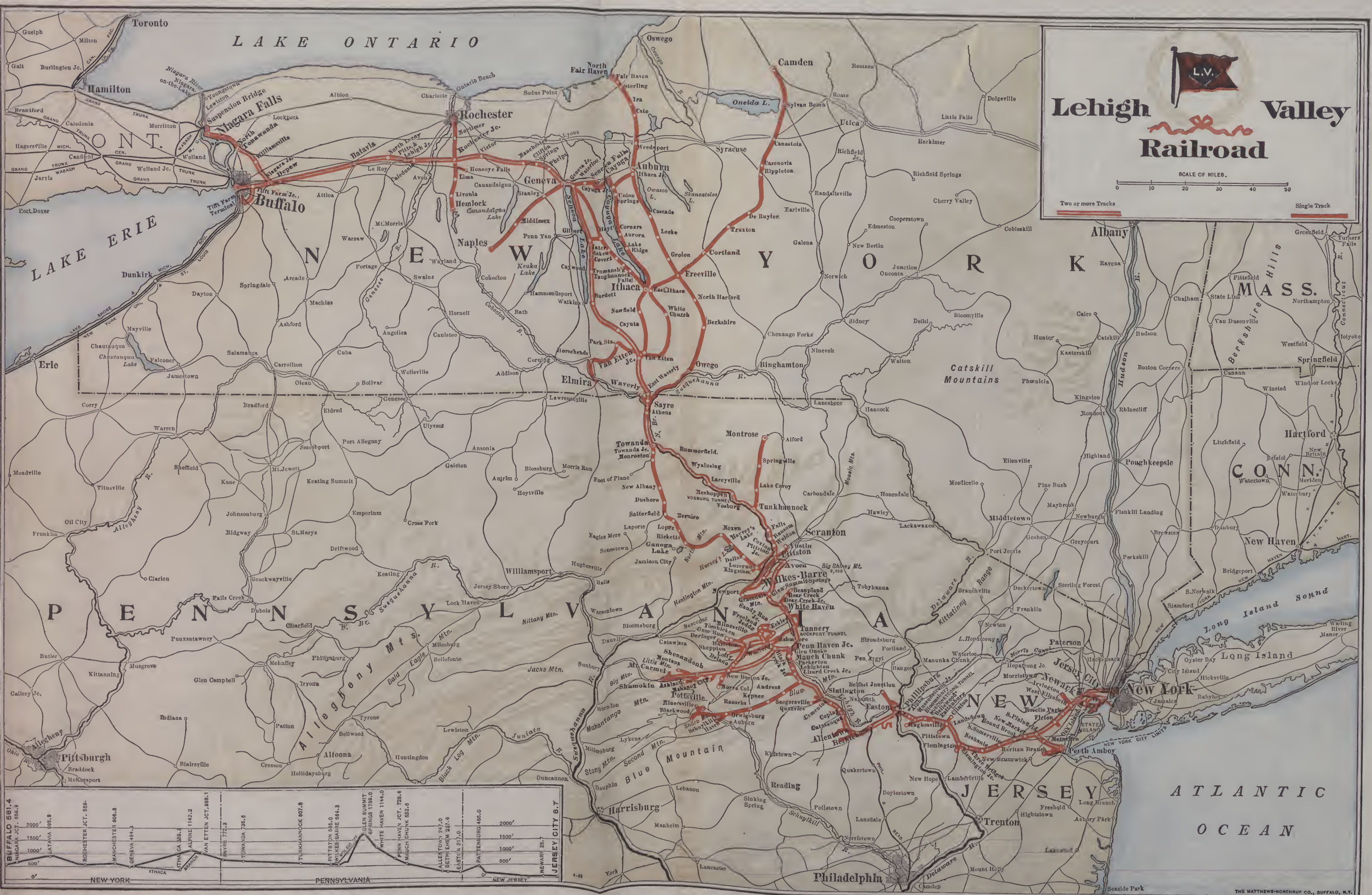
This should be a matter of concern to all and particularly to those whose business is dependent upon adequate and efficient transportation. Experiences with Government owned railroads in other countries, without exception, has demonstrated the impossibility of their performing service of a character approaching our standards and such railroad systems, instead, are the mere cat's-paw of politics with the burden of making up deficits in the cost of operation falling upon the people in the form of taxation.

To meet this threatened condition requires an attitude on the part of the Government and the people which will permit American railroads to re-establish their credit, that they may be able to finance needed improvements to their properties.

It is necessary that those who would be fair in regard to such matters, and particularly those who have even more interest because of their investments, should not only themselves recognize the situation which has been forced upon the railroads, but also that they should make it a point to bring all others to a realization of the fact that the condition is not one of the railroads' making but the outgrowth of a policy of regulation which mistakenly has been carried too far. Likewise it is incumbent upon them to let their representatives in State and National legislative and regulatory bodies know where owners of railroad securities stand regarding this problem, that there may be an end to the hampering and well-nigh strangulation of the carriers which has prevailed for the last two decades.

E. E. LOOMIS,
President.





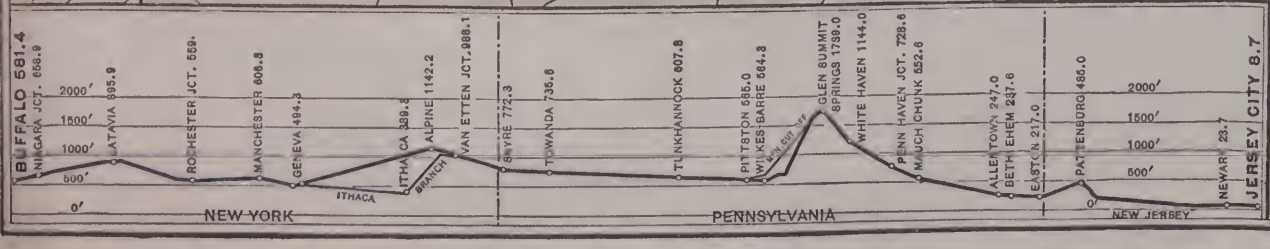


Lehigh Valley Railroad

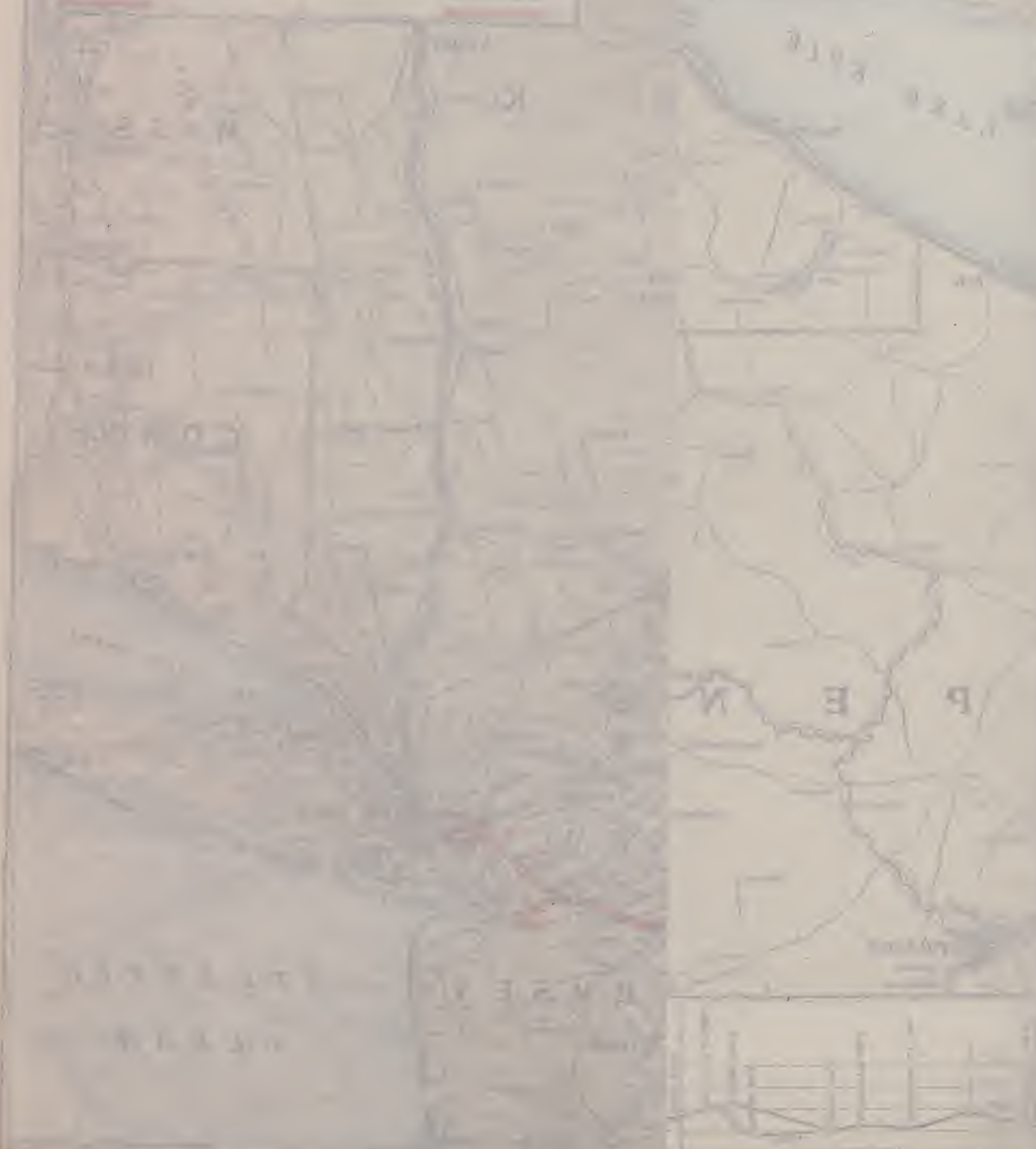
SCALE OF MILES.

0 10 20 30 40 50

Two or more Tracks Single Track



Belgian
Holland
Valley



1921